

Information on Streets Maintenance Tax

- Many cities do not have the funds necessary to repair existing streets and sidewalks. The Tax Code authorizes cities to impose a special sales tax to fund maintenance of this important mobility infrastructure.
- This sales tax was first authorized by the Lone Oak city voters in 2011 at ¼ of one percent (0.25%) and must be reauthorized every 4 years.
- It was reauthorized in 2015 by majority vote.
- This will again be considered by the voters on the May 4th, 2019 election ballot.
- One of the primary benefits of this special tax is the dedicated funding of streets maintenance from sales tax and removing the obligation from property taxes to some degree.
- The streets maintenance sales tax is paid by a consumer (resident/non -resident) on taxable sales from local businesses (e.g. Short Stop, Buffalo Stop, Dollar General) and on certain online purchases when the business has a location in Texas. It is a portion of the 8.25% tax paid on all taxable sales (excludes purchases of food, medicine, and certain personal services).
- If the sales tax for streets maintenance is not reauthorized by the voters, the general fund of the City would be burdened with the additional cost of streets maintenance, which may impact the City M&O tax rate.
- These tax funds may be used to maintain and repair existing streets BUT NOT BUILD NEW STREETS

FY 2018 and prior Funds used for -

Since the last reauthorization in November 2015, the City has utilized these funds for:

- Replacement of culverts
- Small Tools (shovels, rakes, etc.)
- Repairs to street equipment
- Several yards and tons of material of cold mix, recycled crushed concrete, recycled asphalt, rock, top soil, sandy loam and oil sand to replace failing pavement, Town Square and pot holes throughout the city streets

Continue Income Needed for –

- Continued maintenance and repair to existing streets
- The purchase of a tractor and special equipment used specifically for street repairs, as well as,
- General street maintenance using city workforce vs. outside contracted services

Revenues and Expenditures

- Funds accounted for separately in a restricted fund
- Streets maintenance tax generated \$15,293 in fiscal year ending 2018 for streets maintenance
- The expenditures for streets maintenance for fiscal year ending 2018 amounts to \$14,988
- With carried forward balances from year 2011 to current year, balance of \$37,044
- Continued growth and revenue is expected as our commercial businesses grow
- Note: Expenditures potentially much higher if city to hire outside contractors for repairs and maintenance